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Economic Committee

PREPARATION OF A SUCCESSOR AGREEMENT TO THE INTERNATIONAL COCOA AGREEMENT, 1986

Proposal submitted by the producing countries

Article 25

Financing of the price-stabilization mechanisms

1. In order to finance the price stabilization operations of this Agreement, a price-stabilization account shall be established upon the entry into force of the Agreement to receive regular income in the form of a levy on cocoa exports and imports. The levy shall be equivalent to US $ [8] a tonne for each tonne of cocoa exported and US $ [8] a tonne for each tonne of cocoa imported.

2. The levy on both the export and import of cocoa to or from a non-member shall be paid by the member.

3. Countries may, if they so wish, replace the levy by direct contributions of an equivalent amount.

4. The price-stabilization account established under paragraph 1 of this article shall also be funded by monies transferred from the buffer stock account under the International Cocoa Agreement, 1986, and by arrears in levy payments under that Agreement, subject to the provisions of paragraph 11 bis of article 40, and by the proceeds from sales of defective cocoa.

5. The rate of the levy shall be reviewed annually by the Council and, if necessary, revised by special vote.

Article 26

Costs to be charged to the price-stabilization account

1. The costs of operating the withholding scheme as established in Article 39 and of the buffer stock established under article A43 shall be charged to the price-stabilization account, with the exception of staff costs, which shall be charged to the administrative account.

Article 33

Structure of the price range

1. There shall be established, for the operation of this Agreement, a price range structured as follows:

(a) an upper intervention price of SDR 1560 per tonne;

(b) a median price of SDR 1300 per tonne;

(c) a lower intervention price of SDR 1040 per tonne.

Article 39

Institution of a withholding scheme

1. As one of the means of achieving the objectives of this Agreement, a withholding scheme as detailed under article B40 is hereby instituted. The maximum tonnage of cocoa to be withheld under the scheme shall not exceed 350,000 tonnes during the life of this Agreement. No annual limit shall be set.

Article 40

Withholding scheme

Tranches of 50,000 tonnes shall be withheld at a time. Each tranche shall be distributed among the exporting members concerned prorata to the average of their annual exports in the last three cocoa years for which figures have been published by the Organization in the Quarterly Bulletin of Cocoa Statistics.

11. The costs of storage and of rotation for cocoa withheld in approved warehouses shall be reimbursed from the price-stabilization account. Such costs shall cover the period between the time the withheld cocoa enters into storage and the time it is released. The cost of storage shall consist of warehouse rent and insurance, fumigation and interest and other banking costs. The storage costs should be reviewed annually and revised, if necessary.

11 bis. Where a country withholding cocoa is in arrears with its levy payments under the International Cocoa Agreements, 1980 and 1986, the costs of storage and of rotation for cocoa withheld in approved warehouses shall be borne by that country and deducted from the amount of its arrears, the balance of which shall be payable in annual instalments during the life of this Agreement.